ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN FEBRUARY

Additional signs of weakness in the economy appeared in February, although these were still sufficiently scattered to leave most government and business circles uncertain as to whether inflation or deflation is the more immediate danger. The House-Senate Economic Committee called for a cut in government spending to curb inflation, but the Federal Reserve Board indicated that it had switched from a policy of active restraint to one of passive waiting.

The index of industrial production, which fell one point in January to 146 (1947-49 = 100) on a seasonally adjusted basis, will probably show a further decline in February. Auto output dropped 2.4 percent, after allowance is made for the two fewer production days in the month. The weekly average of steel production was about the same for February as for the previous month, as was that of bituminous coal. But some firms were cutting back on steel output at the end of the month and fears were expressed that further cuts were in the offing.

Freight carloadings were still running below those of last year. Department store sales were down from January and for the first two months of 1957 were only 2 percent above the same period in 1956. Reports indicated that the number of unsold new cars in the hands of auto dealers had climbed to about 750,000 by the end of February, with sales running about 5 percent below 1956.

Construction Expenditures Down Again

February outlays on new construction declined seasonally to $2.9 billion, 6 percent below January but 2 percent above February last year. With allowance for seasonal factors, expenditures during the first two months of 1957 were at an annual rate of $44.7 billion.

Private construction accounted for $2.1 billion of the total, a drop of 5 percent from January but the same as a year ago. New private housing outlays fell 9 percent in February and were down almost as much from February, 1956. Store construction was down from January and a year ago, but for the first two months of this year outlays for industrial plants, office buildings, churches, schools, hospitals, and public utilities were at record levels. Expenditures by public authorities in February were well below January, but were still 9 percent above a year ago.

The first monthly compilation of construction contracts awarded which covers all 48 states showed an increase of 4 percent in January over the same month last year. Most striking was the reported rise over the year of 32 percent in manufacturing construction awards, whereas heavy engineering contracts declined 9 percent. Home building contracts in the same period increased 1 percent in dollar terms, but dropped 9 percent in number of units.

Manufacturers' Sales Up

January saw a rise in sales by manufacturers to $28.7 billion, 9 percent above the same month last year and 1 percent above December, after allowing for seasonal factors. Manufacturers' inventories changed little between December and January, leaving them 11 percent above a year ago. New orders of $28.6 billion, on a seasonally adjusted basis the same in January as in the preceding month, were 4 percent higher than in January, 1956. Unfilled orders, mainly in the durable goods industries, were still about 10 percent above last year.

Most of the seasonally adjusted increase in sales over December came in nondurable goods. Declines in sales of transportation equipment mostly offset sales increases by primary metal and machinery producers in the durable-goods industries.

Consumer Debt Down

During January consumer debt declined seasonally about $1 billion to $40.9 billion. Installment debt accounted for little more than a quarter of the decrease, although it makes up more than three-quarters of the total; with seasonal adjustment it showed an increase for the month of $228 million.

The seasonal drop in noninstallment debt was largely the result of reductions in charge accounts. Another decrease in auto paper outstanding and a decline of $201 million in other consumer goods paper accounted for most of the fall in the unadjusted installment debt total.

Business Spending to Rise

The 1957 Commerce Department-SEC survey of business investment plans indicates that entrepreneurs expect to spend $37.4 billion on new plant and equipment this year, about 6.5 percent more than in 1956. Big increases in expected outlays over actual 1956 expenditures by railroads, public utilities, and manufacturing concerns account for most of the rise, offsetting anticipated declines by commercial and mining firms.

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The Population Boom

In the sustained increase of population the current situation is distinctly different from that of the late 1920's. In the twenties, marriage and birth rates began to fall long before the business collapse of 1929. Recently, marriages have fallen, largely because there are no longer enough unmarried adults to sustain them, but births have been maintained at a peak of 4 million.

The baby boom, as it is commonly called, is presumed to have profound consequences for the economy. The rate of increase is often assumed to continue indefinitely. It is even regarded as an element of inflationary pressure, on a refurbished theory of the Malthusian specter, in which population again threatens to run ahead of our capacity to produce.

Social Aspects of the Baby Boom

The baby boom is not a separate and distinct element in the situation, to be considered in isolation from everything else. It fits nicely into the postwar ideal of the best pattern for family living: a home in the suburbs, with all kinds of mechanical gadgets, cars for pleasure as well as business, and television to bring entertainment services from the big city to the consumer. People who strive for all this want their children to have the best.

The high rate of births is not confined to any particular social class or age group. It gains magnitude from the teen-agers, who seek marriage at ever-earlier ages. The average age at marriage has fallen to a near irreducible minimum; the average age at birth of first child is also extremely low; and the time-spacing of children has been reduced sharply.

There can be no doubt that the bars of social restraint have at least temporarily been lowered. Parents condone early marriages for their children. They support them through high school and college years while married. Military manpower policies also encourage early marriage; conditions of service and benefits to dependents combine in removing the obstacles to marriage for servicemen. In most communities, public assistance is provided to mothers with dependent children in the event that their income is otherwise inadequate.

Explaining the Urge to Reproduce

High prosperity has contributed the economic basis for family building. In the Great Depression, the birth rate fell with everything else. Today, incomes are higher than ever before, and high incomes are conducive to costly investments. People can now feel that they will be able to support more children at the standard of living they believe to be satisfactory. The excitement of living well and feeling able spurs the urge to reproduce. That this hypothesis does not tell the whole story may be seen in the failure of the late 1920's to provide the same stimulus.

Other forms of stimulation may also be important. The uncertainty and excitement of disturbed international conditions may be viewed as a contributing factor. The threat of atomic destruction hangs over the entire community. Through idealistic discussions of foreign policy as well as through the lurid descriptions of science fiction, it infiltrates the minds of impressionable teen-agers; and the actions of elders who have fled the cities to set up homes outside the potential centers of destruction are not lost upon them. People who fear the loss of loved ones may seek, perhaps unconsciously, to protect themselves by adding replacements for those whose loss is threatened.

A different explanation following the same approach is provided by Professor Sorokin's book, *The American Sex Revolution*. He decries the emphasis on sex in entertainment and advertising, particularly television, and cites divorces, crimes, and illegitimate births as aspects of the nation's "sex obsession."

Whatever the causes that account for the urge to reproduce, there is no doubt that in the postwar period they found conditions suitable for maximum results. The subnormal rates of marriage and childbearing in the 1930's created a large backlog of young adults without children. Marriages reached an extreme peak just after World War II, and the newly created families have generally wanted more than one child. Births rose to a peak in 1954-56. The rate was as high as one out of four for women in the peak fertility years of their early twenties — implying that close to half of the married women in these age groups were pregnant at least part of the time in each of the last three years. The very fact that family building was so prevalent may well have produced an emulative reaction resulting in more of the same.

Why the Birth Rate Will Fall

The Census Bureau's top projection of the population to 1975 assumes the maintenance of the recent peak fertility rates by age group. The Bureau also gives three alternative projections, based on assumptions of lower fertility. All four assume the continuation of full employment. None could be described as a pessimistic assumption for future birth rates.

These projections are discussed by Director Burgess in the National Industrial Conference Board's *Business Record* for August, 1956. In the same issue Director Whelpton of the Scripps Foundation takes issue with some of the Bureau's assumptions. He points out that reductions in age at marriage and at first birth accounted for about 4 million births in the decade from 1946 to 1955. This was a temporary increase that cannot persist.

The primary objection to the Census procedure is that it assumes that women now having children in their twenties will continue having children in their thirties at the same rate as those now in their thirties. This disregard of the number of children they have already had in calculating future rates of childbearing is unrealistic.

It seems more likely that marriages and births have pretty well used up the backlog existing at the end of the war. Because of the small numbers coming of marriage-

(Continued on page 8)

THE EXPANDING NONFERROUS FOUNDRIES

Standing in the economic shadow of the iron and steel foundry is its smaller brother, the nonferrous foundry. Gone, however, is the status of insignificance which characterized the latter in its infancy during pre-World War II years.

Today, the nonferrous foundry is much nearer to the ferrous plant in terms of modernization. With increasing uses for nonferrous metals such as aluminum, copper, bronze, brass, magnesium, and zinc, nonferrous shop owners have turned their attention toward new technical improvements and better production methods developed since 1947. A major objective of the new techniques is to produce precision castings which eliminate the need for costly machining operations.

Technical Improvements

Following World War II, the foundry industry introduced new techniques which are now prevalent. From the hot, dirty, and dark workrooms, most foundries, ferrous and nonferrous, now try to eliminate smoke, dust, and heat through filters and air conditioners. Conveyers have largely replaced wheelbarrows and shovels.

After 1947 a new production technique called shell casting or molding revolutionized the nonferrous foundry industry. Lately, it has been catching on in ferrous plants. For years the standard method of sand mold construction varied little from that used since the origin of foundry art. Indicative of shell molding popularity is the growth in number of Illinois foundries employing it from 15 to 40 between 1953 and 1955.

Shell casting is most advantageous for nonferrous metals, though it is now being used for some ferrous products. The mold consists of a thin shell of resin-bonded sand which can easily withstand the comparatively low melting temperatures of nonferrous metals. Not only does this type of mold produce a high-quality casting, but also the pouring operation can be performed by semi-skilled workers because of the light, easily handled mold.

While shell molding is applicable for metals such as brass and copper, it is seldom used with aluminum, a metal which tends to pick up impurities. To solve this casting problem, aluminum shops resort to die-casting, another rapidly growing technique. This method, by which metal is pressed into a stationary mold, is conducive to mass production. While sand is still employed for heavy castings such as bronze, die castings are used when large numbers of small items are desired.

Another important older casting technique is the investment, or precision, method. Like shell casting, it has blossomed in the past ten years. An expensive process because of the costs of the wax, plastic, or frozen mercury required, it is used for precision items such as jewelry and jet engine parts. The investment method, though not adequate for mass production, is becoming more important because it is being made to produce precision castings up to 200 pounds.

Mechanization and Automation

Many nonferrous shops produce specialty items not suited to mass production. Because nonferrous shops, in the main, are not sufficiently large and nondiversified, automation in this industry has not reached a level comparable to that in the ferrous industry. However, rising costs of production, caused in part by the increasing shortage of skilled labor, have induced nonferrous shop owners to turn toward more mechanization and automation. Despite initial high costs, automatic processes have become essential in meeting competition. Producers of the machinery required have in turn had to expand.

Medium and large foundries, the bigger buyers of equipment, finance most of their purchases from profits and reserves. Although the volume of requests for credit terms by smaller ferrous and nonferrous foundries currently is higher than it has been in two or three years, this tendency to buy on future prospects is based on the good business the industry has enjoyed in recent years. Equipment sales in 1956, for example, ran 7 percent ahead of 1955.

Illinois Development

Illinois moved from fourth to third in exclusively nonferrous foundries from 1953 to 1955. This development is attributed primarily to the use of shell molding. *Foundry* magazine reports that 290 of the State's 485 foundries manufactured only nonferrous castings in 1955. Not included in this group are the numerous nonferrous departments within ferrous foundries.

The number of Illinois nonferrous production workers has decreased from 8,091 to 7,110 but average annual wages have risen 28.2 percent to $4,110 since 1947, according to the *1954 Census of Manufactures.*

In total nonferrous plants, including those also manufacturing ferrous castings, the number of establishments in Illinois has increased 33 percent from 252 to 336 between 1953 and 1955, according to *Foundry* magazine. In the corresponding period, the number of foundries producing ferrous products showed no significant growth. This is because ferrous shops, though fewer, are growing bigger and producing more.

An increase of 57 in the number of aluminum foundries from 1953 to 1955 raised the total to 260, pushing Illinois from fourth to third place in total aluminum castings establishments. Illinois, in 1955, had 92 zinc foundries, only one less than California, which ranked first.

The fruits of mechanization and automation are especially evident in the aluminum and aluminum-base alloy casting establishments. Use of die castings increased total shipments more than 41,000 short tons from 1947 to 1954.

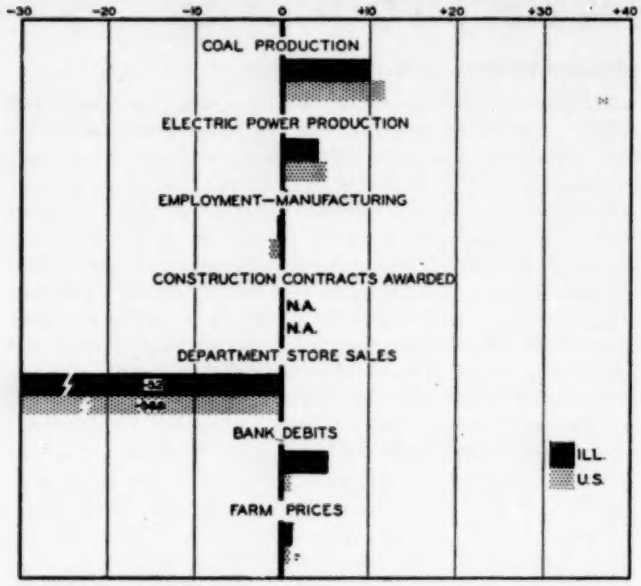
In conclusion, the nonferrous shops have progressed far in the direction of mechanization from the dirty, manual shops of early post-World War II days, and increased costs of production and shortages of labor indicate a continuing trend toward mechanization.

KNOW YOUR STATE

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes December, 1956, to January, 1957



N.A. Not available.

ILLINOIS BUSINESS INDEXES

Item	January 1957 (1947-49 =100)	Percentage change from Dec. 1956	Percentage change from Jan. 1956
Electric power[1]	235.3	+ 4.1	+ 3.8
Coal production[2]	96.7	+ 9.9	- 4.2
Employment—manufacturing[3]	107.4	- 0.5	- 1.0
Weekly earnings—manufacturing[3]	156.7[a]	+ 1.1	+ 4.1
Dept. store sales in Chicago[4]	114.0[b]	- 6.6	- 0.9
Consumer prices in Chicago[5]	121.0	0.0	+ 2.5
Construction contracts awarded[6]	n.a.	.....	.....
Bank debits[7]	187.1	+ 5.2	- 0.4
Farm prices[8]	80.0	+ 1.3	+11.1
Life insurance sales (ordinary)[9]	255.4	-13.9	+25.0
Petroleum production[10]	133.5	- 2.1	+ 2.5

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] December data; comparisons relate to November, 1956, and December, 1955. [b] Seasonally adjusted. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	January 1957	Percentage change from Dec. 1956	Percentage change from Jan. 1956
	Annual rate in billion $		
Personal income[1]	335.2[a]	+ 0.4	+ 5.8
Manufacturing[1]			
Sales	349.2[a]	+ 1.4	+ 7.8
Inventories	51.5[a, b]	+ 0.2	+11.2
New construction activity[1]			
Private residential	12.2	-15.6	- 6.1
Private nonresidential	14.1	- 7.8	+ 6.8
Total public	10.3	- 4.1	+11.7
Foreign trade[1]			
Merchandise exports	23.9[c]	+31.2	+41.7
Merchandise imports	12.5[c]	+ 4.3	+ 4.5
Excess of exports	11.4[c]	+83.0	+132.9
Consumer credit outstanding[2]			
Total credit	40.9[b]	- 2.3	+ 8.1
Installment credit	31.3[b]	- 0.8	+ 8.4
Business loans[2]	30.3[b]	- 3.4	+15.4
Cash farm income[3]	32.7	-15.2	- 0.6
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	146[a]	- 0.7	+ 2.1
Durable manufactures	164[a]	- 1.2	+ 2.5
Nondurable manufactures	130[a]	0.0	+ 0.8
Minerals	130[a]	0.0	- 0.8
Manufacturing employment[4]			
Production workers	107	- 0.5	- 1.1
Factory worker earnings[4]			
Average hours worked	101	- 2.0	- 1.2
Average hourly earnings	154	0.0	+ 6.2
Average weekly earnings	155	- 2.0	+ 4.9
Construction contracts awarded[5]	n.a.	.....	.....
Department store sales[2]	125[a]	- 3.2	+ 0.8
Consumer price index[4]	118	+ 0.2	+ 3.1
Wholesale prices[4]			
All commodities	117	+ 0.5	+ 4.5
Farm products	89	+ 0.4	+ 6.2
Foods	104	+ 1.2	+ 6.1
Other	125	+ 0.4	+ 4.0
Farm prices[3]			
Received by farmers	88	+ 1.1	+ 6.0
Paid by farmers	117	+ 0.9	+ 4.5
Parity ratio	82[d]	0.0	+ 2.5

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] As of end of month. [c] Data are for December, 1956; comparisons relate to November, 1956, and December, 1955. [d] Based on official indexes, 1910-14 = 100. n.a. Not available.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item		1957 Feb. 23	1957 Feb. 16	1957 Feb. 9	1957 Feb. 2	1957 Jan. 26	1956 Feb. 25
Production:							
Bituminous coal (daily avg.)	thous. of short tons	1,642	1,625	1,621	1,463	1,695	1,662
Electric power by utilities	mil. of kw-hr	11,920	11,946	12,019	12,322	12,410	11,277
Motor vehicles (Wards)	number in thous.	162	170	170	164	168	148
Petroleum (daily avg.)	thous. bbl.	7,567	7,515	7,461	7,422	7,396	7,184
Steel	1947-49=100	145	145	144	145	143	141
Freight carloadings	thous. of cars	627	676	665	648	666	687
Department store sales	1947-49=100	100	102	101	93	96	97
Commodity prices, wholesale:							
All commodities	1947-49=100	116.9	117.0	117.1	116.9	117.0	112.4[a]
Other than farm products and foods	1947-49=100	125.4	125.5	125.3	125.2	125.2	120.6[a]
22 commodities	1947-49=100	88.5	89.0	89.7	90.7	91.3	88.5
Finance:							
Business loans	mil. of dol.	30,347	30,257	30,162	30,260	30,349	26,271
Failures, industrial and commercial	number	300	317	287	320	258	230

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for February, 1956.

RECENT ECONOMIC CHANGES

Housebuilding Decline Continues

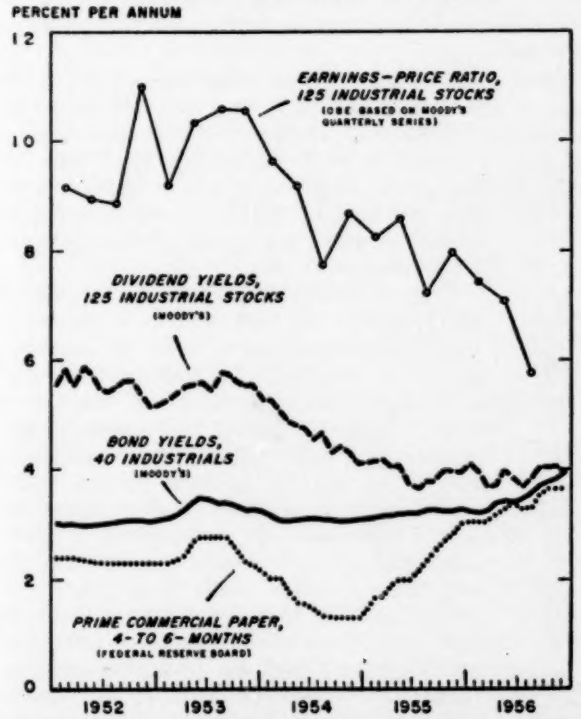
Nonfarm housing starts continued downward in January in line with the pattern of decline evident since early 1955. Seasonally adjusted starts amounted to an annual rate slightly in excess of one million units. In January of last year starts were equivalent to a rate of 1.2 million homes and in the same month of 1955 were at a rate of 1.4 million units. This January's total equaled that of last September, when a sharp, one-month decline followed a short-lived spurt in August. Aside from September, the volume of new starts at the beginning of the year was the lowest since January of 1952.

Bond-Stock Yields Gap Closed

The tight money market by year-end had all but eliminated the gap between dividend and bond yields. Demand for funds pushed bond yields to a postwar high, surpassing the earlier postwar peak reached in 1953. However, as shown by the chart, dividend yields were relatively stable throughout 1956, on the average, as stock prices and dividend payments advanced together during the first half and then tended to stabilize or decline after midyear. Also shown by the chart is the fact that during the first three quarters of 1955 the earnings-price ratio continued the downtrend evident since 1953, when the recent bull-market inflation of stock prices got under way. However, the ratio rose moderately in the fourth quarter as prices dropped and earnings increased.

The narrowing of costs between debt and equity issues in the past two years has resulted in some tendency for corporations to shift to stock issues in raising new money. However, about three-fourths of last year's record $11 billion of funds raised by security offerings continued to be in the form of debt issues. Issues to meet new money requirements for plant and equipment increased from $8 billion in 1955 to $9.6 billion last year and issues for working capital rose moderately.

CORPORATE FINANCING COSTS



Source: *Survey of Current Business*, February, 1957.

Gross National Product

Gross national product advanced $10 billion in the fourth quarter to a seasonally adjusted annual rate of $423.8 billion. Gains in all major areas of activity except construction contributed. Consumer expenditures moved up $4.1 billion and private investment also continued to rise on the strength of continued inventory accumulation and high-level expenditures for producers' durable equipment. The decline in construction expenditures during the quarter amounted to $700 million. A further increase in net foreign investment added another $700 million to the advance. Stepped up national security expenditures accounted for most of the $1.8 billion rise in government expenditures.

GROSS NATIONAL PRODUCT OR EXPENDITURE
(Seasonally adjusted, billions of dollars at annual rates)

	4th Qtr. 1956	*3rd Qtr. 1956*	*4th Qtr. 1955*
Gross national product	423.8	413.8	401.9
Personal consumption	270.9	266.8	259.5
Durable goods	34.8	33.0	35.4
Nondurable goods	134.7	134.0	129.2
Services	101.4	99.7	94.9
Domestic investment	68.5	65.1	65.1
New construction	32.9	33.6	33.0
Producers' durable equipment	31.5	29.5	25.9
Change in business inventories	4.1	2.0	6.1
Nonfarm inventories only	4.4	2.4	5.9
Foreign investment	2.4	1.7	−.8
Government purchases	82.0	80.2	78.1
INCOME AND SAVINGS			
National income	n.a.	343.5	334.4
Personal income	333.2	327.0	314.6
Disposable personal income	293.3	288.2	278.4
Personal saving	22.4	21.4	18.8

Record Exports

The greater expansion in United States exports than in imports contributed nearly $2 billion to the rise in gross national product last year. Commercial exports continued to move upward unevenly throughout the year and averaged 21 percent above 1955. Imports, though they were 10 percent above the previous year, flattened in 1956. Much of the gain in exports was attributable to further expansion of foreign production and incomes and accelerated shipments of agricultural commodities under various government programs. The stability of imports during the year reflected an easing of the supply shortages that characterized 1955 when inventories of numerous major raw materials were drawn down.

Despite our sizable export surplus of merchandise trade, foreign nations were able to add about $1 billion to their reserves, as a sharp increase in the outflow of funds from the United States on capital account more than offset the inflow on current account. United States capital expenditures abroad more than doubled last year, and purchases of foreign securities, particularly Canadian government bonds, also moved up considerably. However, most of this movement took place early in the year. In the third quarter the excess of foreign dollar receipts over expenditures here dropped to $100 million and in the fourth quarter our receipts exceeded expenditures abroad for the first time since early 1952.

THE FEDERAL BUDGET FOR 1958

JESSE BURKHEAD
Professor of Economics, Syracuse University

On January 16 President Eisenhower presented his fourth budget to the Congress. The first Eisenhower budget — for fiscal 1955 — requested authority for the expenditure of $65.6 billion. The 1958 budget asks for expenditures to total $71.8 billion.

In previous budget messages President Eisenhower has tended to emphasize the importance of retrenchment in public outlay but to stress the difficulties encountered in effecting major cutbacks in government programs. In the 1957 budget this approach to budget policy was reinforced by a special classification of expenditures to indicate their "controllability." This year there is less emphasis on the controllability of the budget. Instead, President Eisenhower stresses, in the budget message, the importance of such factors as "powerful armed forces," "fiscal integrity," and "a well-balanced choice of programs at home and abroad."

Budget Programs

The major expenditure programs for the four years of his first administration and the year ahead are shown in Table 1. The most striking changes which have taken place in Federal budget expenditures over this five-year period are shown on the first line — "Major national security." The first Eisenhower budget effected a $6.3 billion reduction in military outlay to bring this component close to $40 billion. Most of this reduction was attributable to the cessation of hostilities in Korea. The 1958 budget proposes an increase of $2.3 billion in national security expenditures, which accounts for most of the increase in the budget as a whole.

The remaining expenditure classifications for fiscal 1958 show modest increases all along the line, with two exceptions. "Commerce and housing" is expected to decline because this category includes the Post Office Department, and the President has again requested that postal rates be increased to produce $654 million additional revenue. If the Congress rejects this request, as it has in recent years, "Commerce and housing" expenditures will be somewhat larger than in fiscal 1957.

The decline in "General government" expenditures is not attributable to retrenchment, but to a reclassification of items. In previous years the Federal government's contribution to the civil service retirement fund was charged against "General government." Beginning with fiscal 1958 this contribution is to be charged to specific departments and agencies. Since this item amounted to $527 million in fiscal 1957 it is evident that "General government" expenditures will not be smaller but somewhat larger for fiscal 1958. Reallocating the contributions to other programs gives the appearance of increasing each of them. Increases there are, to be sure, but after allowance for the changed classification of retirement contributions, and excluding the military and interest on the public debt, expenditures on all other governmental programs are expected to increase by only about $650 million between fiscal 1957 and fiscal 1958.

The most important nonmilitary increases provide for the construction of schools, homes, and highways. Total Federal expenditures for public works of all kinds are expected to increase from $4.9 billion in fiscal 1957 to $6.3 billion in fiscal 1958, with most of the increases scheduled for highways and water resource projects. Not all of these outlays will be financed through the budget. Grants to the states for highway construction will increase by $500 million from 1957 to 1958 and these amounts will be paid from the new Highway Trust Fund.

In the 1958 budget the President proposes that the "Labor and welfare" category be increased by about $500 million. The important new program is for school construction, which, if adopted, would require additional grants to the states of $185 million in fiscal 1958. Total expenditures for "Labor and welfare" have increased by 40 percent since fiscal 1954 — from $2.5 billion to $3.5 billion. Over the past ten years, regardless of the political party in power, "Labor and welfare" expenditures have increased moderately each year. The rate of increase seems not to be dependent on the political philosophy of the budget-makers.

Table 2 shows the revenue estimates which are contained in the new budget. It is expected that fiscal 1958 net budget receipts will amount to $73.6 billion, an increase of 4.2 percent over 1957. Similarly, fiscal 1957 budget receipts will be larger than was anticipated a year ago. At that time 1957 revenue was forecast at $66.3 billion; this is now revised upward to $70.6 billion.

The upward revisions for fiscal 1957 and the estimate for 1958 reflect, of course, an assumption that there will be continued growth in the level of economic activity. For the postwar period as a whole, the average annual rate of growth in gross national product (constant dollars) has been 3.6 percent. The revenue elasticity of the Federal tax structure is probably in the neighborhood of 1.5. That is, a 1 percent growth in GNP is associated with a 1.5 percent growth in Federal revenue. This would mean that if the growth in GNP from fiscal 1957 to fiscal 1958 were 3.6 percent, the growth in revenue would be 5.4 percent. Since the projected increase is about 4.2 percent, it is evident that the Administration has been generally conservative

Table 1. Budget Expenditures by Function
(Fiscal years; millions of dollars)

Function	1954	1955	1956	1957 (estimated)	1958 (estimated)
Major national security	46,904	40,626	40,641	40,965	43,335
International affairs and finance	1,732	2,181	1,846	2,382	2,444
Commerce and housing	814	1,502	2,028	2,269	1,748
Agriculture and agricultural resources	2,557	4,411	4,913	4,701	4,965
Natural resources	1,315	1,202	1,104	1,371	1,538
Labor and welfare	2,485	2,552	2,776	3,032	3,538
Veterans services and benefits	4,256	4,457	4,756	4,851	5,027
Interest	6,470	6,438	6,846	7,260	7,360
General government	1,239	1,201	1,629	1,870	1,451
Allowance for contingencies	.....	.....	.....	200	400
Total	67,772	64,570	66,540	68,900	71,807

Source: *The Federal Budget in Brief, Fiscal Year 1958*, p. 52.

Table 2. Summary of Budget Receipts
(Fiscal years; millions of dollars)

Source	1956	1957 (estimated)	1958 (estimated)
Individual income taxes	35,334	38,500	41,000
Corporation income taxes	21,299	21,400	22,000
Excise taxes	10,004	10,691	11,071
Employment taxes	7,296	7,750	8,420
Estate and gift taxes	1,171	1,380	1,475
Customs	705	775	800
Miscellaneous receipts	3,012	2,991	3,283
Deduct:			
Transfers to trust funds	6,971	8,979	10,273
Refund of receipts	3,684	3,880	4,156
Net budget receipts	68,165	70,628	73,620

Source: *Budget of the United States Government for the fiscal year ending June 30, 1958*, p. A4.

in its revenue estimates — in the sense that it has assumed a lower-than-average rate of economic growth through fiscal 1958.

It may be noted that the Eisenhower Administration has been no more adept at aggregate budget estimates than its predecessors. Both revenue and expenditure have been consistently underestimated in recent years. Last year's budget underestimated revenue for fiscal 1956 — the year already half completed — by 5.2 percent and underestimated expenditure by 3.5 percent.

Fiscal Policy

This Administration, and in particular the Secretary of the Treasury, has attached much significance to a balanced budget. This was discussed in the election campaign of 1956 and the Administration's record was presumably approved by the majority of the voters.

Of the four Eisenhower budgets, the first (fiscal 1955) registered a $4.1 billion deficit. Fiscal 1956 closed with a $1.6 billion surplus. It is now estimated that a surplus of $1.7 billion will emerge for the current fiscal year, and for fiscal 1958 the surplus is estimated at $1.8 billion. If these estimates are realized, the four Eisenhower budgets will yield an aggregate surplus of $1.0 billion, with a corresponding reduction in the public debt.

For those who equate budget deficits with fiscal sin and budget surpluses with fiscal virtue this record of accomplishment may be adequate. But that which is sometimes called the "New Economics," now extant for twenty years, suggests that there is at least one other criterion on which to judge budget policy and that is its relationship to economic stabilization.

Within recent months it has become increasingly evident that the American economy is experiencing a mild but persistent inflation. In calendar 1956 the consumers price index increased by 3 percent. Raw materials and wholesale prices have increased by more than this, indicating that living costs may continue to rise. The 1958 budget, however, is moderately inflationary, not deflationary. The increase of nearly $3.0 billion in expenditures, even though offset by increases in revenue, will add to over-all claims for economic resources.

Moreover, Federal financial activities outside the budget will reinforce this inflationary influence over the next 18 months. The analysis of all Federal financial operations requires examination of the so-called "cash consolidated budget," which shows Federal government payments to and receipts from the public. The cash consolidated statement is more comprehensive than the conventional or administrative budget; the revenue and expenditure from trust funds are reflected here, whereas they are excluded from the administrative budget. The summary data are shown in Table 3.

It is evident from the foregoing that the slight increase in the 1958 budget surplus, taken by itself, is misleading. In fiscal 1957 Federal financial activities will withdraw $1 billion less from the economy than in fiscal 1956. In fiscal 1958 Federal financial activities will withdraw $500 million less than in fiscal 1957. In other words, the excess of Federal receipts from the public will shrink, and the Federal government's contribution to inflation control will correspondingly diminish.

It should be hastily pointed out that some perspective on the foregoing dollar figures is necessary to appraise the relation of budget policy to economic stabilization. A budget surplus of $1.8 billion is not a significant contribution to the control of inflation in a $415 billion economy. Similarly, successive declines in the cash consolidated budget surplus of $1.0 billion and $500 million are not the difference between victory and defeat in efforts to stabilize the general level of prices.

Program considerations so often outweigh considerations of economic stabilization. Certainly fiscal 1957 and possibly fiscal 1958 are appropriate years for substantial budget surpluses, which, in an ideal world, ought to be achieved by tax rate increases. This the Administration has failed to accomplish. But in an imperfect world a substantial budget surplus may well be a counsel of perfection. In the face of an upturn in international tension, the Administration has held the increase in the military budget to $2.3 billion. At the same time it has resisted tremendous pressures for tax reduction. In this kind of "hold-the-line" approach lies the Administration's contribution to inflation control.

Budget Reform

The last ten years have brought some major improvements in Federal government financial administration. Some of these were initiated by the Bureau of the Budget, others by the Treasury and the General Accounting Office, others by the departments and agencies.

Appropriation structures have been simplified and the number of appropriation titles reduced. This has given more fiscal freedom and responsibility to agency administrators. Under what is known as the Joint Accounting Program, a major decentralization of government accounting has been effected, with accompanying changes in the nature and scope of auditing. Accounting systems have been revised, particularly for commercial-type activities within departments and agencies; these are now financed from specific working capital funds. The basis

Table 3. Federal Government Receipts from and Payments to the Public
(Fiscal years; millions of dollars)

Item	1956	1957 (estimated)	1958 (estimated)
Total receipts	77,084	81,720	85,923
Total payments	72,611	78,265	82,970
Excess of receipts from the public	4,473	3,455	2,953

Source: *Budget of the United States Government for the fiscal year ending June 30, 1958*, p. 1067.

of budget preparation has been gradually shifted toward an emphasis on performance.

The term "performance budgeting" was originated by the first Hoover Commission and the activities of that Commission did much to popularize this kind of budgeting. At a broad definitional level, performance budgeting required a classification of government activities in accordance with end products, with things done, with accomplishment, rather than a classification based on the things which government buys. The transition to this kind of budget-making was, in fact, initiated before the report of the first Hoover Commission. However, progress in this direction is slow. The 1957 budget contained four cost-type budgets — for the operating expenses of the Atomic Energy Commission, Canal Zone Government, Bureau of the Mint, and Superintendent of Documents. The 1958 document contains another 42 cost-based budgets. More than 300 are yet to be converted to this basis.

These developments are generally encouraging. There is always some danger that the emphasis on accounting and reporting will tend to make budgeting increasingly a technical exercise rather than an occasion for program analysis and review. But if this can be avoided, the use of cost-based budgets should provide better information for all levels of government management. The Congress, too, should benefit by acquiring data on program costs and performance which ought to direct legislative attention toward policy questions and away from the minutiae.

At the same time that significant improvements are being undertaken, the conventional budget is becoming increasingly less comprehensive, and the budget totals are of diminishing significance as a measure of the Federal government's impact on the economy. For example, in 1954 the Congress passed the Public Buildings Purchase Contract Act, which authorizes the General Services Administration to contract for the construction and rental of public buildings to departments and agencies. Since that time construction amounting to $602 million has been authorized under the act. Only a fraction of this amount — perhaps 10 percent — affects the budget totals for any one year. The impact of the Federal government on levels of economic activity is thereby artificially minimized.

The Highway Trust Fund, established by the Highway Act of 1956, is a further case in point. Under this statute all revenues from motor fuel taxes, excises on tires and tubes, trucks, buses, and trailers, and other miscellaneous motor vehicle revenues are placed in a trust fund. This fund is outside the budget and finances grants to the states for highway construction. It is estimated that Federal funds amounting to $38.5 billion will be committed between now and 1972. For fiscal 1957 payments from the Highway Trust Fund will amount to an estimated $1,150 million and for fiscal 1958 to $1,806 million.

In addition to the Highway Trust Fund, other trust fund activities are increasing. The Federal Disability Insurance Trust Fund will make payments of $18 million this year; this will mount rapidly to $313 million in fiscal 1958. In fact, trust fund expenditures as a whole will increase $2.4 billion to $14.4 billion in fiscal 1958.

The growing importance of the trust funds and of Federal activities financed in even less orthodox ways indicate that a continued preoccupation with the administrative budget and its surpluses or deficits is most unrealistic. Budget policy for the future should be based increasingly on an examination of all aspects of the national government's impact on the economy and not on a concern for balancing a conventional set of accounts.

The Population Boom

(Continued from page 2)

able age, marriages cannot be expected to recover for several years. The possibility of maintaining the birth rate depends, therefore, upon a substantial increase in the average size of families. The fact that births have been following each other in quicker succession is not conclusive evidence that there will be more on the average. The possibility of larger families is increased, but since the process is subject to control, the possibility does not automatically result in the actuality. When parents have enough children, they may stop having more.

It is, in effect, a problem in inventory control. The prevailing postwar picture has been one of millions of small enterprises accumulating desired stocks as rapidly as possible. But such movements tend to be self-limiting. Social norms place a limit on family size far below the capacity to reproduce. As the point of saturation is reached, the controls will tend to bring the baby boom to an end.

Even if there has been a shift of parental attitudes in the direction of having larger families, it is not necessarily permanent. The current tendencies may be reversed with the next change in conditions. Recession and unemployment would put a brake on births among those now married and would slow the rate of marriage for those coming of age. It is not possible to rule out a fall in the birth rate during a major economic recession all the way to the lows of the 1930's.

Will Population Keep Business Active?

There remains the question whether the rapid growth in population does not itself ensure the continuation of prosperity. It is clear that the baby becomes a consumer of textiles, food, and medical care even before he is born. After that, he is a consumer like anybody else, and the more mouths there are to feed, the greater tends to be the volume of consumption. Thus, population growth may be thought of as the basis for economic growth.

To keep the contributions of population in perspective, however, it should be recognized that this is only one factor affecting the change in consumption. Even with annual increases near 3 million, as in recent years, population contributes at most $2 billion per year in direct additional spending by consumers, or only a fraction of the expenditure increases that have been taking place. Income is far more important; and changes in consumer credit have had distinctly larger effects, first in raising expenditures in 1955, and subsequently, in moderating the advance in 1956. The direct contributions of population to holding the line in a recession could at best be minor.

There are also, of course, indirect effects. Homes have to be built to shelter the newcomers, and schools have to be built to educate them. Homes, however, are needed primarily by families, not by individuals, and the rate of building seems to be past the peak. Schools are not yet being constructed at the rate of maximum need, but the rate of additional construction required is not large. These and other indirect expenditures are primarily determined, not by the total head count, but by the rate at which it is increasing. Once the annual increases are past the peak, they will no longer support even the current rates of activity.

The conclusion that inescapably emerges is this: The baby boom and the business boom have been contributing to each other's progress; but in the years ahead, neither can offer sure support for the other. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

TV Facts

The popularity of television in the United States continues to increase, as shown by the results of a sample survey made by the Bureau of the Census. The report summarizing the results of the latest survey, Bulletin H-121, No. 3, indicates that the proportion of all households with television sets continues to increase. The following tabulation shows the growth in household TV ownership over a 14-month period.

Area	*Percent with sets*		
	Aug. 1956	*Feb. 1956*	*June 1955*
United States	76	73	67
Inside metropolitan areas	84	82	78
Outside metropolitan areas (urban)	69	65	56
Outside metropolitan areas (rural)	60	55	46

In all three surveys, the highest concentration of television households was inside standard metropolitan areas and the lowest in rural territory outside these areas. However, the surveys indicated more rapid growth for the outside areas.

Plans for Plastics

The growing importance of plastics is now being felt in the construction world as new uses of the man-made materials are developed and processing techniques are improved. The nontechnical circular, *Plastics as Building Materials,* describes the two groups of plastics — thermoplastics, which can be softened by heating and reshaped any number of times, and thermosetting, which, once formed, cannot be changed back to their original fluid state. Characteristics of the seven subgroup families most commonly used for building materials are enumerated.

As the selection of the most suitable plastic is dependent upon the specific use, the circular evaluates various plastics in terms of different uses. Functional types described are light transmitters, such as luminous ceilings, skylights, awnings and louvers, interior partitions, and windows; wall and roof panels that are non-light-transmitting; insulation and vapor barriers; coverings for floors, walls, and counter tops; electrical and mechanical devices such as wire insulators, housing switch plates, pipes, gutters, window frames, and screens.

Copies of this 8-page leaflet may be obtained for 10 cents from the Small Homes Council, University of Illinois, Urbana, Illinois.

Educational Films

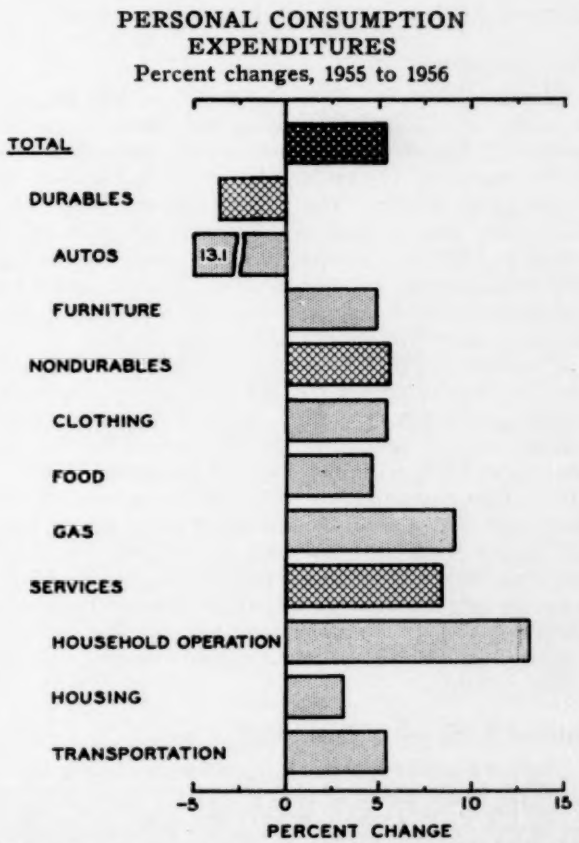
The business educational films of many different producers are now available from a single office, resulting in a more comprehensive listing of subjects and in greater convenience to users. The agency is Business Education Films, Film Center Building, 630 Ninth Avenue, New York 36. Most of the films are 16-mm. black-and-white sound strips, although there are some on 35-mm. film. A catalog of films, with rental charges and recommended educational level, is available from the agency, which should also be contacted for information regarding the purchase of films.

Some 200 films on a wide variety of subjects from the stock market to gardening are available on a free loan basis as a public service by business and industry. A booklet describing the films may be obtained from Modern Talking Picture Service, 3 East 54th Street, New York 22. The films are distributed from libraries in 28 cities throughout the nation, and the only charge to the user is the cost of mailing.

Personal Consumption

Another high was set by the nation's consumers as personal consumption expenditures in 1956 reached nearly $266 billion, a gain of more than 5 percent over the previous record set in 1955. Figures released by the United States Department of Commerce showed increases in all major categories within the durables, nondurables, and services classifications with the exception of automobiles and parts, which experienced a drop of more than 13 percent (see chart). The quarterly expenditure pattern of the automotive category also varied from the remainder of the group. It had a peak of $15.5 billion (annual rate) in March, then dropped to less than $14 billion in both June and September, and recovered to $15.3 billion in December. The pattern set by the other categories indicated a March low, followed by gains each succeeding quarter to a December high.

A slight shift in the composition of total expenditures for goods and services was recorded. Durables fell from 14 percent in 1955 to less than 13 percent in 1955, and services rose one percentage point to 37 percent. On the other hand, nondurables accounted for one-half of total expenditures both years.



Sources: *Survey of Current Business,* February, 1956 and 1957.

LOCAL ILLINOIS DEVELOPMENTS

The January seasonal decline made its usual appearance in manufacturing employment and petroleum production. Life insurance sales and Chicago department store sales declined sharply. On the other hand, coal production was up nearly 10 percent.

Comparisons with the same period a year ago showed large gains in several indicators. Life insurance sales jumped by one-fourth, business loans extended by leading Chicago banks were up about one-sixth, and farm prices received gained more than one-tenth.

Livestock Inventory

The value of livestock and poultry on farms in Illinois rose 18 percent during 1956 to $640 million on January 1, 1957, according to the Illinois Cooperative Crop Reporting Service. Horses, mules, and turkeys were the only species that declined in total value. A 12 percent unit price increase for horses and mules was offset by a proportionately greater drop in numbers. For turkeys, the 5 percent increase in numbers did not match the price dip.

All cattle totaled nearly 4.3 million head, a gain of 6 percent above last year. Despite the continued upward trend in number of cattle, milk cows decreased in number for the third consecutive year. Rising beef and milk cow prices produced a 14 percent over-all gain in value, to $440 million.

The number of hogs on Illinois farms was the same as a year ago, 6.3 million. However, the average price of $25.80 per head caused the total value of hogs to jump to $164 million, a gain of 38 percent. The value of all sheep also showed a marked, though not as spectacular, increase as a result of rises in both unit price and numbers.

Life Insurance

Illinois ranked fourth in the nation in life insurance ownership in 1955, according to the Institute of Life Insurance. Illinois families owned more than $26 billion of life insurance, represented by about 16.7 million certificates and policies. The record amount was almost three times that owned in 1940 and about twice the amount in 1946, the first full postwar year. However, the 1955 total was only 7.0 percent of the United States total as compared with 8.2 percent in 1940, indicating greater ownership growth in other parts of the country.

A definite redistribution of policy types was recorded over the 16-year period. Of the four categories of life insurance — ordinary, group, industrial, and credit — ordinary policies accounted for 60 percent of the total coverage in 1955, a decline from 70 percent in 1940 (see chart). The proportion of industrial insurance also declined over that period. On the other hand, group insurance nearly doubled, from 14.2 to 27.5 percent. Credit insurance, little known a generation ago, rose to 2.5 percent. This type of coverage is used so extensively now that nearly one-half of consumer credit in the United States is covered by policies written expressly to meet the loan in case of death.

Igneous Rock — a Problem?

The presence of igneous intrusive rocks in the Illinois coal fields is not likely to create a major economic problem, report K. E. Clegg and J. C. Bradbury of the State Geological Survey in their recent booklet, *Igneous Intrusive Rocks in Illinois and Their Economic Significance.* The study was made in response to inquiries from coal-mining personnel.

Intrusive rocks are frequently encountered by miners and coal test drillers in the southern part of the coal basin. However, known rock locations in the coal basin are limited to Saline and Gallatin counties with the exception of Absher in eastern Williamson County.

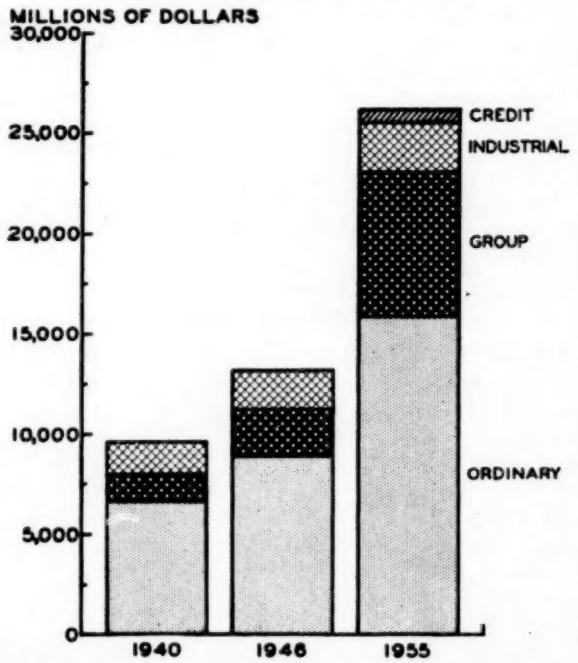
Clegg and Bradbury reported little justification for labeling coal acreage as worthless because evidence of intrusive rock appears. More detailed drilling and investigation would be necessary before obtaining an accurate evaluation of the potential value of the property.

Farm Income

Illinois ranked third in the nation when the final tallies on 1956 cash receipts from farm marketing were published by the United States Department of Agriculture. Preceded by California and Iowa, states that have retained those respective positions for nine consecutive years, Illinois bumped Texas into fourth place by recording a 13 percent gain over 1955 to reach $1,926 million in cash receipts. There were no changes in rank when government payments were added to the totals. Payments to Illinois farmers amounted to $30 million — more than two-thirds from the Soil Bank program and one-fourth from the Conservation Reserve program.

Preliminary averages of realized net income per farm for Illinois indicated a sharp increase, 39 percent, to $3,917. The Agricultural Marketing Service reported that substantially higher cash receipts from corn and soybeans, smaller gains for wheat and dairy products, and Soil Bank payments all contributed to the rise. This increase more than offset continued rises in production expenses — particularly for livestock and feed purchases, and repairs and operation of capital items.

LIFE INSURANCE IN FORCE



Source: Institute of Life Insurance, *The Growth of Life Insurance in the State of Illinois, 1940-1955.*

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

January, 1957

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	$27,693[a]	1,188,560[a]	$688,539[a]		$16,352[a]	$13,999[a]
Percentage change from Dec., 1956	+4.5	+3.6	+21.6	−52	+5.2	−23.9
Percentage change from Jan., 1956	−3.3	+7.2	−3.8	+3	−0.4	
NORTHERN ILLINOIS						
Chicago	$24,537	900,452	$497,417		$14,935	$11,834
Percentage change from Dec., 1956	+28.2	+2.6	+20.9	−52	+5.3	−26.2
Percentage change from Jan., 1956	+13.5	+7.2	−5.5	+3	−1.5	
Aurora	$ 172	n.a.	$10,602		$ 65	$ 140
Percentage change from Dec., 1956	−44.9		+20.9	−59	−0.4	−12.3
Percentage change from Jan., 1956	+25.5		+1.4	−1	+8.9	
Elgin	n.a.	n.a.	$ 8,185		$ 41	$ 102
Percentage change from Dec., 1956			+25.7	−59	−0.9	−15.2
Percentage change from Jan., 1956			+3.3	−4	+12.4	
Joliet	$ 91	n.a.	$15,688		$ 83	$ 126
Percentage change from Dec., 1956	−76.6		+21.4	−58	+1.1	−8.3
Percentage change from Jan., 1956	−90.3		+3.9	+3	+15.3	
Kankakee	$ 76	n.a.	$ 6,779		n.a.	$ 51
Percentage change from Dec., 1956	−3.8		+37.6	n.a.		−14.1
Percentage change from Jan., 1956	+52.0		+4.9			
Rock Island-Moline	$ 283	24,562	$11,979		$ 101[b]	$ 170
Percentage change from Dec., 1956	−37.7	+7.2	+28.7	n.a.	+5.1	−12.5
Percentage change from Jan., 1956	−57.3	−1.1	−3.1		+17.4	
Rockford	$ 678	51,433	$22,377		$ 184	$ 274
Percentage change from Dec., 1956	−62.6	+18.8	+17.4	n.a.	−2.2	+3.1
Percentage change from Jan., 1956	−46.8	+25.3	−5.6		+10.5	
CENTRAL ILLINOIS						
Bloomington	$ 32	8,690	$ 7,123		$ 74	$ 93
Percentage change from Dec., 1956	−94.6	+3.0	+30.7	n.a.	+18.2	−4.0
Percentage change from Jan., 1956	−58.4	+4.1	+3.6		+17.7	
Champaign-Urbana	$ 159	11,341	$ 9,531		$ 74	$ 116
Percentage change from Dec., 1956	−62.9	+3.2	+20.0	n.a.	+5.6	−11.6
Percentage change from Jan., 1956	−67.6	+5.2	+1.3		+13.2	
Danville	$ 179	11,995	$ 8,369		$ 59	$ 70
Percentage change from Dec., 1956	−87.3	+3.2	+26.7	−61	+8.1	−13.5
Percentage change from Jan., 1956	+11.2	+9.2	+2.8	+6	+19.9	
Decatur	$ 300	33,272	$15,076		$ 129	$ 147
Percentage change from Dec., 1956	−37.2	−1.2	+20.6	−57[c]	+7.2	+11.9
Percentage change from Jan., 1956	−28.7	+6.0	+3.7	−2[c]	+15.6	
Galesburg	$ 104	9,298	$ 5,434		n.a.	$ 45
Percentage change from Dec., 1956	+67.7	+9.6	+28.4	n.a.		−2.4
Percentage change from Jan., 1956	+13.0	+11.9	−0.8			
Peoria	$ 433	56,471[c]	$22,757		$ 231	$ 281
Percentage change from Dec., 1956	−46.2	+6.2	+26.7	−58[c]	+1.2	−22.6
Percentage change from Jan., 1956	+56.3	+3.2	−0.1	−1[c]	+6.8	
Quincy	$ 159	9,866	$ 6,495		$ 43	$ 80
Percentage change from Dec., 1956	+156.5	+2.4	+24.2	−60	+3.1	−3.3
Percentage change from Jan., 1956	+27.2	+7.4	+1.8	+1	+5.4	
Springfield	$ 217	36,140[c]	$17,432		$ 130	$ 269
Percentage change from Dec., 1956	−8.4	+5.3	+23.7	−59[c]	+7.1	−9.5
Percentage change from Jan., 1956	+36.5	+5.1	+2.6	−1[c]	+7.8	
SOUTHERN ILLINOIS						
East St. Louis	$ 86	12,190	$11,229		$ 162	$ 104
Percentage change from Dec., 1956	+26.5	+3.3	+19.0	n.a.	+7.5	+20.7
Percentage change from Jan., 1956	−70.2	−13.0	+4.0		+24.2	
Alton	$ 92	14,802	$ 6,023		$ 39	$ 44
Percentage change from Dec., 1956	−8.9	+9.0	+20.9	n.a.	+1.0	−11.4
Percentage change from Jan., 1956	−83.8	+8.2	−2.9		+0.4	
Belleville	$ 95	8,046	$ 6,044		n.a.	$ 54
Percentage change from Dec., 1956	+41.8	+8.7	+29.3	n.a.		−14.3
Percentage change from Jan., 1956	−92.7	+3.1	+10.6			

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Data for December, 1956. Comparisons relate to November, 1956, and December, 1955. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting period ending January 11, 1957.

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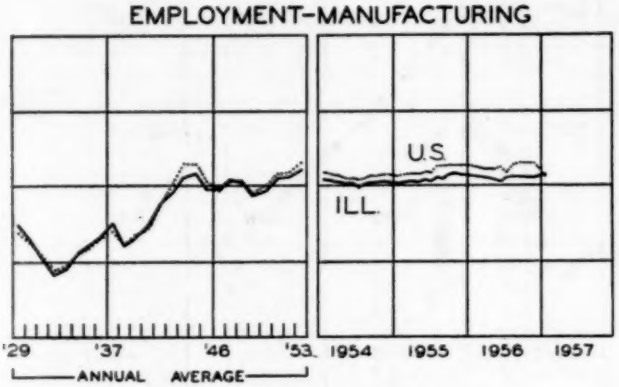
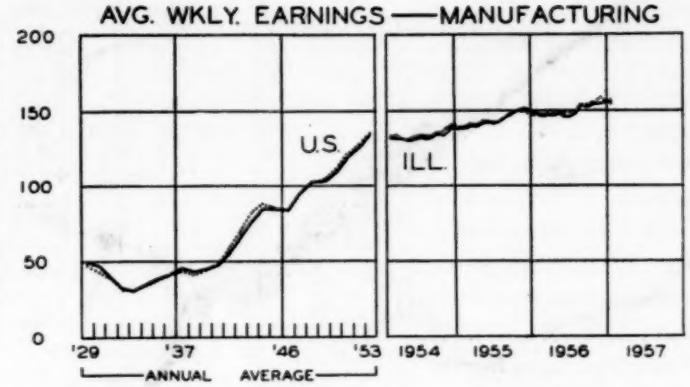
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

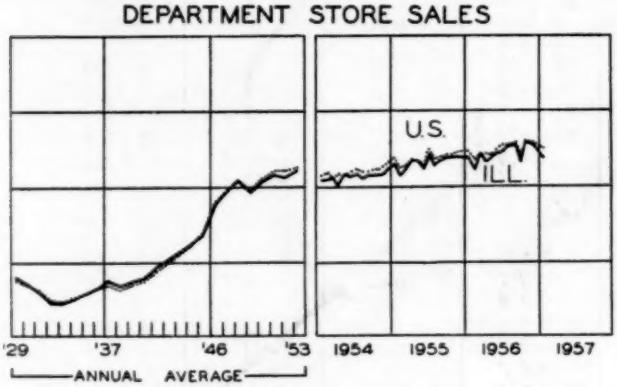
EMPLOYMENT–MANUFACTURING



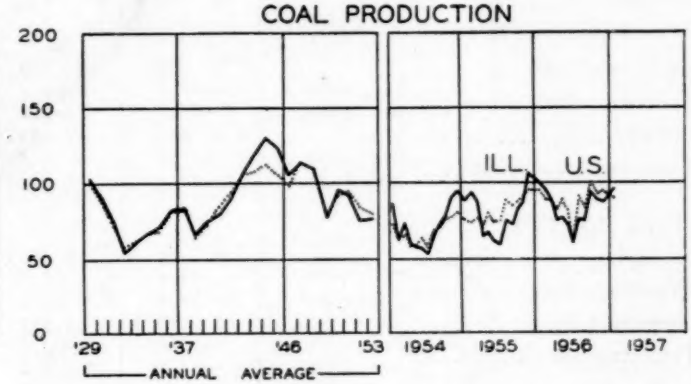
AVG. WKLY. EARNINGS — MANUFACTURING



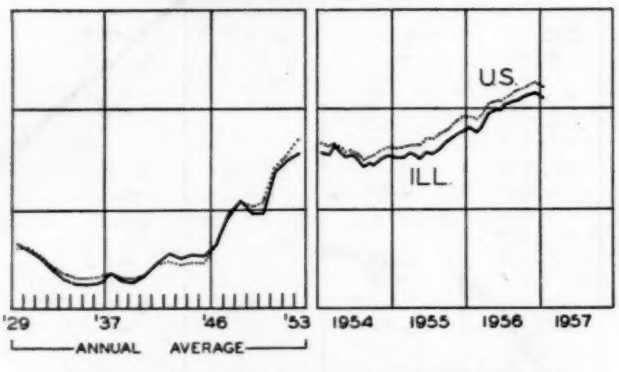
DEPARTMENT STORE SALES



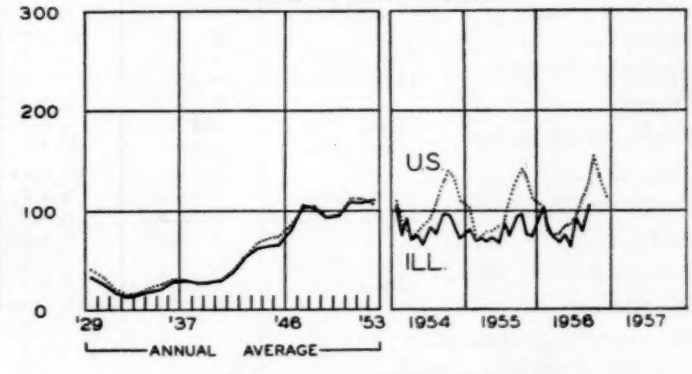
COAL PRODUCTION



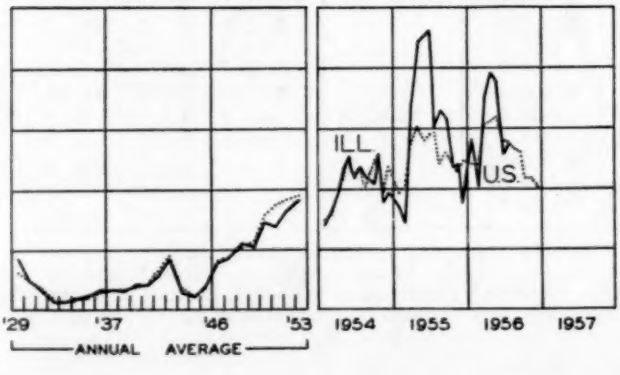
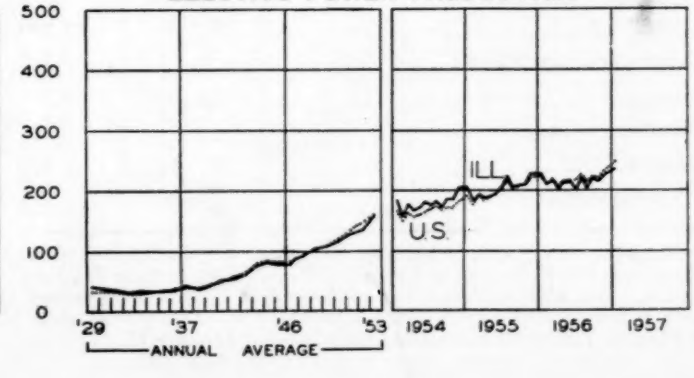
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS AWARDED



ELECTRIC POWER PRODUCTION